

REMARKS

Favorable reconsideration of the pending claims is respectfully requested in view of the above amendments and the following remarks. This Amendment and Reply is responsive to the Office Action mailed March 5, 2007 and is being filed within one month following the shortened statutory period set for response. Applicants' Petition for an Extension of Time of one month to respond to this action and the requisite fee accompany this response. The action mailed March 5, 2007 was initially designated a final action. The finality of the action was withdrawn and it is therefore non-final.

The undersigned thanks the Examiner for his time and helpful comments during a phone conversation on May 30, 2007. We discussed the pending independent claims, particularly claim 1, and the primary reference relied upon for rejection, Postrel. We did not reach any agreement about the allowability of claims but discussed our interpretations of the claims and the teachings of the Postrel reference.

Claims 1-13, 15, 17-25, 27-30, 32-34, 36-58 and 68-85 were pending and rejected prior to this amendment. Independent claims 1, 42, 68, 75 and 79 have been amended in an effort to more clearly distinguish the applicants' claimed methods and systems from the prior art relied upon for rejection and to more clearly recite automated marketing methods and systems in which a host controller system communicates with a plurality of remote point of transaction systems and administers a plurality of *award benefits* programs. Claims 3, 44, 45 and 51 have been canceled. Claims 1, 4-7, 9, 12, 18, 19, 28, 33, 34, 38, 42, 49, 50, 68, 75, 78, and 79 have been amended to delete duplicative language and to provide consistent terminology and appropriate claim dependencies. Claim 81 has been amended to specify that the multiple award sponsors are multiple merchants. Claims 1, 2, 4-13, 17-25, 27-30, 32-34, 36-43, 46-50, 52-58 and 68-85 are pending as a result of these amendments.

In general, the independent claims have been amended to specify marketing methods or systems *implemented using a host controller system that communicates with a plurality of remote transaction systems and administers a plurality of award benefits programs*. This amendment is made, in part, to clarify that the host controller system administers *award benefits programs*, which is different and distinct from administering programs for redeeming previously issued

awards. Claim 1 has also been amended to specify performing a series of steps at the host controller system, including: validating the user identifier, the merchant identifier and/or the user behavior identifier to determine eligibility for participation in an award benefits program administered by the host controller system; identifying the program matrix rules module associated with the eligible awards program; applying a set of preselected logic rules contained in the program matrix rules module to determine an award benefit; and assigning an award to the user when at least one preselected criterion for an award is satisfied. The method set out in claim 1 additionally requires communicating information relating to an award benefit or the updated award status condition from the host controller system to the point of transaction over the communications network. Independent system claim 42 has been amended similarly to claim system components and capabilities similar to the method set out in amended claim 1. This methodology and system is described in applicants' specification as filed, for example, at paragraphs 0015-0018, 0026, 0072-0082 and elsewhere in the specification as filed.

Independent claim 68 has been amended to recite an automated marketing method implemented by a host controller that administers a plurality of award benefits programs, and to more clearly recite the steps that take place at the host controller to determine eligibility of the user for participation in an award benefits program and to determine whether an award benefit is available to the user. Because the user may be eligible for multiple awards benefit programs and qualify for multiple awards within each eligible award benefit program, the method recited in independent claim 68 additionally requires applying an award prioritization system that selects a single award benefit when a user qualifies for multiple awards. Again, the award benefit or updated award status information is communicated from the host controller to the remote location where the user, merchant and transaction information is acquired. This methodology is described in applicants' specification as filed, for example, at paragraphs 0015-0018, 0020, 0026, 0072 *et seq.*, and throughout the specification as filed.

Independent claim 75 has been amended to recite an automated marketing method implemented by a host controller that administers a plurality of award benefits programs, to provide consistent terminology, and to specify the method step of determining eligibility of the user, merchant or transaction identifiers for at least one award benefit according to the rules of

the eligible award benefits program. Claim 75 additionally recites that a unique user identifier and financial account information are acquired *in a single step* by examination of an identifying object, and that the identifiers and transaction data are communicated to the host controller system while the transaction data and financial account information are forwarded to an institution for payment authorization. The award eligibility analysis, including performing a rate calculating processing step to determine eligibility for participation in at least one marketing program and assigning an award benefit to the user when a preselected award criterion is satisfied, is conducted following receipt of payment authorization. Information relating to an award benefit or updated award status is communicated from the host controller to the point of transaction. This methodology is described in applicants' specification as filed, for example, at paragraphs 0015-0018, 0026, 0034, 0072 *et seq.*, and throughout the specification as filed.

Claim 79 has been amended to specify an automated marketing system comprising a host controller that administers a plurality of award benefits programs having different award benefits rules, wherein the host controller is capable of validating the eligibility of the user to participate in multiple award benefits programs involving multiple award sponsors. The capabilities of the host controller have also been clarified, particularly as they relate to selecting a program matrix rules module associated with the eligible award benefits program and performing a rate calculating processing step applying a preselected set of criteria stored in the program matrix rules module associated with the eligible award benefits program to determine eligibility for the award benefit prior to selecting a single or multiple award(s) from among qualified awards based on predetermined award priorities. Again, information relating to the award or an updated award benefit status is communicated from the host controller to the point of transaction. This methodology is described in applicants' specification as filed, for example, at paragraphs 0015-0018, 0026, 0031-32, 0040-41, 0072 *et seq.*, and throughout the specification as filed.

It is urged that the claim amendments are fully supported by the application as it was originally filed, and that no new matter has been added.

Claim Rejections – 35 USC § 103

Postrel

Claims 1-4, 6-12, 17-25, 27-32, 39-53, 55-62, 68, 69, 71-73 and 75-85 were rejected under 35 U.S.C. 103(a) as being unpatentable over Postrel (US 20040098317). Claims 5, 54, 66, 70 and 74 were rejected under 35 U.S.C. 103(a) as being unpatentable over Postrel in view of Eggleston (US 6,061,660). Claims 13-15 and 63-65 were rejected under 35 U.S.C. 103(a) as being unpatentable over Postrel in view of Bednarek. Claims 33, 34, and 36-38 were rejected under 35 U.S.C. 103(a) as being unpatentable over Postrel in view of Bednarek and Fitzpatrick (US 2002/0046138). These rejections are respectfully traversed, particularly in view of the above amendments and the following remarks.

Applicants would like to focus on the patentability of the pending independent claims, and applicants' remarks are therefore directed primarily to pending independent claims 1, 42, 68, 75 and 79, all of which stand rejected as obvious in view of Postrel (US 2004/0098317) alone. Applicants note that the priority date of the parent application of Postrel predates applicants' priority date. Applicants have elected to treat Postrel as a valid 103(a) reference for purposes of this response. Applicants do not, however, concede or acquiesce in the availability or validity of Postrel as a prior art reference and specifically reserve the opportunity to eliminate Postrel as a valid prior art reference during the course of this or any related prosecution.

Applicants' automated marketing methods and systems provide a centralized host controller system that communicates with a plurality of remote point of transaction systems and administers multiple award benefits programs. The terminology award benefits programs has been adopted to differentiate the applicants' claimed methods and systems from redemption systems that are used in the prior art. The applicants' host controller system is the "brains" and the central component of applicants' methods and systems. Information relating to a unique user identifier, a unique merchant identifier and a unique user behavior identifier (e.g. information relating to the identification of item(s) or service(s) purchased, the purchase price of item(s) or service(s), the presence or purchase of a user in a location, purchase value total, purchase date, purchase time, purchase location) is acquired at a point of transaction and communicated to the host controller system; the host controller system uses that information and performs various

steps, which are explicitly set out in the independent claims, to determine whether the user, the merchant and/or the user behavior qualifies for an award benefit and, if so, calculates and assigns the benefit, and communicates information relating to the award benefit or an updated award status condition to the point of transaction.

The outstanding rejections of applicants' independent claims 1, 42, 68, 75 and 79 are based on obviousness in view of Postrel. The Examiner takes the position that while Postrel doesn't show every feature of applicants' claims, the conclusion of obviousness may be made based on the common knowledge and common sense of a person of ordinary skill in the art. We don't dispute the standard being applied but, rather, the specific application of it in connection with applicants' pending claims and the Postrel reference relied upon for rejection.

The trade server of Postrel, which the Examiner has identified as the equivalent to applicants' claimed "host controller system," aggregates awards that have been issued (previously and separately) by various award programs, e.g. airline reward points and, based on user preferences and user input, arranges with merchants for the **redemption** of those awards. Redemption offers may be communicated to the trading server by a reward server and/or a merchant (See, e.g. Fig. 9). Determination of award eligibility, calculation of awards, assignment of awards, and other award-related activities, based on a user qualifying behavior are carried out by separate "reward servers," such as the airline reward server illustrated schematically in Fig. 5 of Postrel, or the separate airline, credit card and marketing reward servers illustrated schematically in Fig. 4 of Postrel. There is no indication or suggestion in Postrel that the trading server plays any role other than in **redemption** of rewards

Applicants have generated schematic diagrams, presented in Exhibits A (Postrel 2004/0098317) and B (Fowler et al. 2002/0026348), attached hereto, in an attempt to clarify the differences between the Postrel redemption system and the applicants' claimed marketing systems and methods. The inputs to the applicants' host controller system and Postrel's trading server are different; the outputs of the applicants' host controller system and Postrel's trading server are different; and the functions performed by and capabilities of the applicants' host controller system and Postrel's trading server are different. We review the Postrel system, below, both with reference to Exhibit A, attached, and the Postrel 2004/0098317 publication.

The trading server of Postrel retrieves award points assigned to a user from various reward servers – e.g. an airline reward server implementing an airline awards benefit program A, a credit card reward server implementing a credit card award benefit program B, and a merchant or loyalty reward server implementing a loyalty awards benefit program C. (See, Exhibit A and Postrel Figs.) Points are awarded by multiple sponsors in different currencies, or common currency points may be awarded by multiple sponsors using co-branded cards. Award points from each of these programs, in point currencies A, B and C, are retrieved by the trading server of Postrel, aggregated, and converted to a common currency (ABC). The trading server then maintains a user aggregated point balance that a user may access for purposes of redemption. Either the user, or a merchant through which redemption takes place, may request the user's aggregated points for redemption. Redemption is coordinated between the user, the merchant and the trading server, resulting in a transfer of the award points required for redemption to the merchant. The redeemed item is then transferred to the user, and the trading server debits the user's aggregated point balance in the amount of the points required for redemption. The trading server may also store and administer user redemption preferences, screen merchant offers according to the user's preferences, and redeem points for merchandise or other redeemed items based on the user preferences.

The specification of Postrel has a priority date roughly one year prior to applicants' priority date and describes the marketing award systems used at that time in the specification at paragraph 0012 and in the Figures, wherein multiple award benefits programs are administered independently of one another on separate platforms, requiring users to sign up separately for each award benefit program and maintain separate user account numbers for each program. These types of award benefits systems described by Postrel were typical of prior art systems at the time applicants developed their methods and systems. These systems were highly differentiated and impractical for both the award program administrators and the user, and they were costly to administer.

Postrel's objection to these award programs, and the problem he set out to solve, is described in Postrel, paragraph 0013. The prior art systems didn't allow a consumer to utilize relatively small amounts of reward points in any manner, and didn't permit a consumer to redeem one type of award points for another type of good or service. Thus, Postrel provides a trading server that allows a user to aggregate or pool points from different award programs, and to use those points to redeem goods and services from a variety of sources.

Postrel's system is an award aggregation and redemption system. Applicants' claimed methods and systems, in contrast, are directed to the awards benefits programs themselves and may replace or integrate with the various types of award benefits programs (e.g., airline, credit card and loyalty) that feed into Postrel's trading server. The fundamentals of applicants' claimed methods and systems are illustrated in Exhibit B. A user inputs a user identifier into a point of transaction device, which typically has a merchant identifier and a user behavior identifier (transaction information), and these identifiers are communicated to the host controller. The host controller, which administers multiple awards benefits programs, analyzes the identifiers and determines eligibility of one or more of the identifiers for awards benefits programs. In the schematic diagram shown in Exhibit B, the user identifier wasn't eligible for awards benefit program A, the merchant identifier wasn't eligible for awards benefit program B, and the transaction (user behavior identifier) wasn't eligible for awards benefits program C. All of the identifiers were eligible for awards benefit program D. The host controller then identifies the program matrix rules module associated with eligible awards benefit program D and applies a set of preselected logic rules to the user, merchant and/or user behavior identifiers to determine eligibility for an award benefit and, if eligible, assigns the award benefit to the user and communicates the information relating to the award benefit and/or an award status update to the point of transaction.

All of applicants' claimed activities happen at and between the point of transaction and the host controller. One of the significant benefits of this methodology and system, to both the user and the award benefit sponsor, is that numerous different programs can be integrated in and administered by the host controller, and multiple program rules matrices may reside on the host controller for each award benefits program. The multiple award benefits programs, sponsored by

a single or multiple sponsors, may be implemented and administered based simply on the user, merchant and/or user behavior identifiers input from a point of transaction. No longer are users required to sign up for multiple programs and maintain different user accounts and user identifiers for participation in multiple award benefits programs. And, multiple awards benefit programs are administered across multiple points of transaction, simply upon acquisition of the user, merchant and user behavior identifiers. This is a significant advantage to both the users and the award benefits program sponsors, and it is a significant advance in the art. Applicants discern nothing in Postrel that teaches or suggests the applicants' claimed marketing systems and methods, nor do applicants discern any teaching or suggestion in Postrel that, combined with the skill and knowledge of one of ordinary skill in the art at the time this application was filed, would lead to the applicants' claimed methods and systems.

In determining the differences between the prior art and the claims, the question under 35 U.S.C. 103 is not whether the differences themselves would have been obvious, but whether the claimed invention *as a whole* would have been obvious. *MPEP 2141.02 and precedents cited therein*. The rationale to modify or combine the prior art does not have to be expressly stated in the prior art; the rationale may be expressly or impliedly contained in the prior art or it may be reasoned from knowledge generally available to one of ordinary skill in the art. *See, MPEP 2144 and citations referenced therein*. To reach a proper determination under 35 U.S.C. 103, the Examiner must step backward in time and into the shoes worn by the hypothetical "person of ordinary skill in the art" when the invention was unknown and just before it was made. Applicants' priority patent application was filed in August, 2000, and the Examiner must return to this time to ascertain the meaning and patentability of applicants' claims. Knowledge of applicant's disclosure must be put aside in reaching this determination, yet kept in mind in order to determine the "differences," conduct the search, and evaluate the "subject matter as a whole" of the invention. The tendency to resort to "hindsight" based upon applicants' disclosure is often difficult to avoid due to the very nature of the examination process. However, impermissible hindsight must be avoided and the legal conclusion must be reached on the basis of the facts gleaned from the prior art. *MPEP 2142 and precedents cited therein*.

The U.S. Supreme Court recently issued an opinion that examines the obviousness standard. *See, KSR International Co. v. Teleflex Inc.*, 127 S.Ct 1727 (Fed. Cir. 2007). Patent claims encompassing several elements are *not* proved obvious merely by demonstrating that each of the elements was, independently, known in the prior art. The subject matter of patent claims is obvious when there existed, at the time of invention, *a known problem for which there was an obvious solution and that obvious solution is the subject matter of the patent claims*. In short, a predictable variation of a prior art arrangement, or a combination of prior art arrangements, is obvious.

The Examiner cites numerous references in Postrel that allegedly disclose various features of the methods and systems as recited in applicants' dependent claims. Although some of the individual features recited in applicants' claims are disclosed in Postrel, there is no disclosure or suggestion of applicants' methods and systems as recited in applicants' independent claims, and there is no disclosure or suggestion of the combination of features recited in applicants' pending claims. Applicants perceive no motivation in the prior art to modify the system of Postrel to arrive at applicants' claimed methodologies and systems, and the Examiner has not provided any reasonable motivation. The claimed methods and systems are not predictable variations of Postrel or any combination of Postrel with another reference relied upon for rejection.

The Examiner's statement that the conclusion of obviousness may be made based on the "common knowledge and common sense of a person of ordinary skill in the art" is unsupported and conclusory. The Federal Circuit Court of Appeals recently held:

However, rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness. *In re Kahn*, 441 F.3d 977 (Fed. Cir, 2006).

The Examiner must articulate reasoning, with a rational underpinning, to support the legal conclusion of obviousness, which he has not done. Impermissible hindsight must be avoided and the legal conclusion of obviousness (or lack thereof) must be reached on the basis of the facts gleaned from the prior art and the level of skill in the art at the time of the invention.

Applicants submit that the prior art cited by the Examiner does *not* render applicants' pending claims obvious in the manner required by 35 U.S.C. 103. Applicants' claimed invention, viewed as a whole, is *not* obvious in view of the disclosure of Postrel or any combination of Postrel with other references relied upon for rejection. Only with the impermissible application of hindsight, having understood the features and advantages disclosed in applicants' specification, would one arrive at applicants' claimed methodology and systems.

It is urged that applicants' pending independent claims 1, 42, 68, 75 and 79 are allowable over Postrel and that the outstanding rejection must be withdrawn.

Conclusion

In view of the above amendments and remarks, applicant believes that pending claims 1, 2, 4-13, 15, 17-25, 27-30, 32-34, 36-43, 46-50, 52-58 and 68-85 are in condition for allowance. Early consideration and allowance of the pending claims are respectfully requested. The Examiner is invited to contact the undersigned by phone at 206-382-1191 if there are outstanding rejections or other issues following consideration of this Amendment and Reply.

Respectfully submitted,



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